United States
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April 1983

Foreign Agriculture

Fanning Out Sales To the ASEAN Market

Marketing News

An Eggs-tra Special Breakfast

The **Poultry and Egg Institute of America** in Hong Kong teamed up with Sunkist Oranges, the **U.S. Meat Export Federation** and Maxim's Caterers Ltd. in a recent American breakfast promotion. A chain of local restaurants featured five cycles of menus with U.S. eggs. The campaign was so successful that the promotion was extended from one to two months. Local newspaper advertising, banners and food displays helped promote the special breakfasts, as did tent cards and posters in the restaurants. Sales of featured items during the promotion went up 10.6 percent, as Hong Kong consumers downed more than HK$625,000 worth of American food. Some 46 percent of this amount was for U.S. eggs.

Cranberry Cooperative Wins Exporting Award

The U.S. Department of Commerce recently awarded the President's "E" award for excellence in exporting to **Ocean Spray Cranberries.** Ocean Spray was cited for its superior business achievement in exporting cranberries and achieving a breakthrough in this market. As a result of Ocean Spray's work, cranberry exports have jumped tenfold since 1974 to $9 million. Dozens of countries import cranberry juice and sauce, as well as the glamorous little red gems in the fresh and frozen stage. Ocean Spray participates in the FAS export incentive program, promoting brand-name, U.S.-identified cranberries.

One example of Ocean Spray's successful market development efforts was participation in the recent Festival of the Fruits of the Earth in London's Westminster Abbey. More than 10,000 visitors viewing the displays of U.S. produce, dried fruits and nuts were greeted by a demonstrator dressed in Pilgrim costume, handing out brochures and touting the virtues of U.S. cranberries.

U.S. Ag Day—The Swiss Way

The U.S. agricultural counselor in Switzerland recently sponsored **U.S. Agricultural Day** at a local hotel in Zurich. Swiss importers and food store representatives met with U.S. food exhibitors to discuss product lines and possible imports. Later, the counselor sponsored a luncheon—attended by the U.S. ambassador—where business discussions could be continued. Agricultural days, such as this, offer a new market development tool—bringing together buyers and sellers for a short, intensive and relatively inexpensive chance to do business.

Boost Your Forest Products Sales

Three upcoming trade shows for wood products offer U.S. exporters a chance to explore international markets. The **Australian Furniture and Home Furnishings Exhibition** will take place May 3-8 in Sydney. Contact BSW Guild of Furniture Manufacturers Ltd. for details. Their address is 1 King Street, Newtown, New South Wales, Australia 2042. Tel. 02-516-6113.

In China, an international forestry, timber processing and wood working exhibition will be held October 10-17 in Liaoning Province. For information on **Chinawood '83**, contact Aideen Barrett, Industrial and Trade Fairs International Ltd., Radcliffe House, Blenheim Court, Solihull, West Midlands B91 2BG, England.

To take part in **Saudi Build '83**, a building and construction show, on October 23-27 in Riyadh, write Jeremy Sale, Saudi Build '83, Overseas Exhibition Services Ltd., 11 Manchester Square, London W1M 5AB.

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Features

Departments

Fanning Out Sales To the ASEAN Market

Loren Gifford, USDA

—AID photo

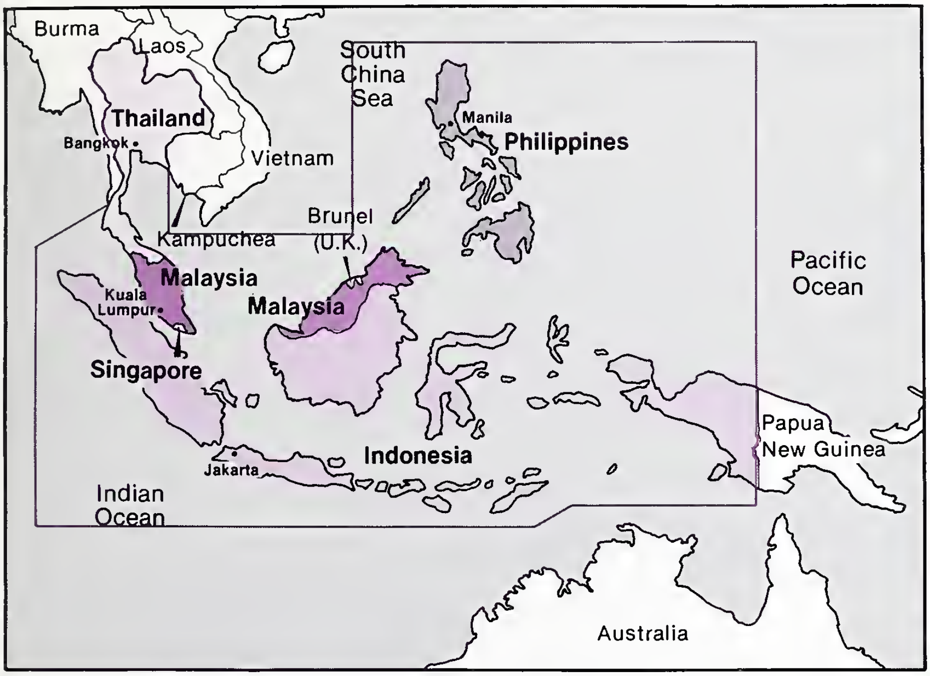
By Geraldine Schumacher and John H. Dyck

The ASEAN nations of Indonesia, Malaysia, Philippines, Singapore, and Thailand currently comprise the fastest growing market area in the world. U.S. exporters who learn the special characteristics of this market—and tailor sales appropriately—stand to reap a big payoff.

Special Market Features

To a large extent, ASEAN—the Association of Southeast Asian Nations—is a collection of distinct national markets, as well as a natural regional market. While all of the countries have tropical climates and grow similar products, they vary markedly in size, natural resources, economic development and income, as well as culture and political systems.

The ASEAN Countries*



*Boundary representation is not necessarily authoritative

Robert Tetro, FAS

Except for industrial and commercial Singapore, most of the ASEAN economies compete with each other as primary product exporters to the United States, Japan and Europe.

However, trade among the countries is important and growing, too. The region includes a grain exporter, Thailand, whose rice and, increasingly, corn exports fill the needs of the other ASEAN members. Countries in the group do give priority to trade with each other, and have tried to rationalize new development projects to complement each other rather than to compete.

The entire region encompasses a total land area of over 2 million square kilometers. Three ASEAN members—Indonesia, Malaysia and the Philippines—are island economies strung out over hundreds of miles of ocean.

Water transportation, rather than roads, is the major internal link in these countries, as well as the major external link between most of the ASEAN nations.

While there are hundreds of ASEAN ports, not many can handle the large vessels typically used for intercontinental shipping of bulk commodities. Thus, a lot of products are transshipped through Singapore, which serves as the bulk-break port for the ASEAN region.

Tremendous Sales Potential

As a group, the five members of ASEAN already are a billion-dollar-plus market for U.S. agricultural products. The market of 270 million consumers is now about as big as the Canadian and U.S. markets combined—and is more than double that of Japan, the largest U.S. overseas agricultural market.

Of course, the purchasing power of the ASEAN nations is nowhere near that of Japan now, but ASEAN's economic potential is perhaps the greatest in the whole of Asia. Already personal disposable income in Singapore is the third largest in Asia.

The region has a bountiful endowment of natural resources and raw materials, including natural petroleum, rubber, tin, timber, rice, sugar, palm oil and coconut products.

ASEAN members account for over four-fifths of the world's rubber production, three-fifths of the palm oil and half the tin. ASEAN countries export roughly one-fourth of the rice moving in world trade, three-fourths of the coconut products, 90 percent of the tapioca products, three-fifths of the tropical hardwoods, and half the pepper. In addition, ASEAN has an estimated 2.5 percent of the world's petroleum reserves.

The region's import needs—for cotton, wheat, dairy products, soybeans, temperate fruits, tobacco, breeding stock, hides, processed foods and beverages—will grow with economic development and the rapid development of textile and leather industries.

photos by Loren Gifford, USDA

U.S. Farm Trade With ASEAN Improves

(In $1,000, fiscal year basis)

Country	1981	1982
Exports		
Indonesia	382,159	432,061
Philippines	337,684	320,141
Singapore	169,899	162,665
Thailand	184,824	155,126
Malaysia	106,445	134,117
Total	**1,181,011**	**1,204,110**
Imports		
Indonesia	655,158	507,185
Philippines	619,043	431,732
Malaysia	345,907	282,154
Thailand	185,817	263,907
Singapore	67,247	62,833
Total	**1,873,172**	**1,547,811**

Economic development is occurring extremely rapidly—with the thrust of most national programs being the diversification from agriculture into light and heavy industry, with top priority for high technology products. Special emphasis is being given to increasing the value added by local processing or refining of the region's abundant natural resources. In all the countries the livestock-poultry sector is undergoing rapid changes.

Stiff Competition

The ASEAN nations sit virtually on the doorstep of Australia and New Zealand—two of the hottest U.S. competitors in world agricultural markets. Consequently, U.S. success in the ASEAN market is highly dependent on its price competitiveness, and on the ability of U.S. suppliers to meet the special needs of each individual country.

The articles on the following pages detail some of these special needs—and outline the prospects for U.S. agricultural exports. ■

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Fact File

ASEAN'S Market Potential for U.S. Agriculture

Background

ASEAN—the Association of Southeast Asian Nations—was created in 1967 to promote economic, political, social and cultural cooperation among the five countries of Indonesia, Malaysia, Philippines, Singapore and Thailand. Except for Singapore, the other ASEAN countries are generally competitors with each other in shipping to the United States, Japanese and European markets.

Economic Profile

ASEAN ranks as the fastest growing economic market in the world. The region's gross national product has grown 7 percent annually over the past decade; and, if this rate persists, it will double by 1990. Growth in the member countries' gross domestic products ranged from 5½ percent in the Philippines and Thailand to over 10 percent in Singapore in 1981. Not only is the region expanding more rapidly than other developing areas, but it is expanding twice as fast as the industrialized countries. Demand for agricultural products is projected to continue very strong, due to further industrialization, population increases and movement of people from rural to urban areas.

Per capita income in 1980 ranged from a low of $459 in Indonesia to a high of $4,450 in Singapore in 1980. Today, ASEAN's market of about 270 million people is one of the largest in the world.

While all the ASEAN countries are attempting to increase food production and improve the diets of their people—some with notable success. Considerable advances still must be made in technology and infrastructural development. Modernization of ASEAN agriculture will require a considerable transfer of technology as well as increasing imports of commodities in the soybean/feed grain complex and improved animal breeding stock.

Agricultural Trade Tally

U.S. agricultural exports to the five members of ASEAN totaled $1.2 billion in fiscal 1982, an increase of 2 percent over 1981. Major U.S. agricultural exports were wheat, feed grains, tobacco, cotton and oilseeds. U.S. imports of agricultural products from ASEAN nations totaled approximately $1.5 billion in fiscal 1982. ASEAN has long been a major supplier to the United States of rubber, sugar, coffee, palm and coconut oil, and tropical fruits and nuts. However, where once U.S. imports from ASEAN were almost exclusively agricultural, manufactured goods now comprise well over half the total.

Cooperator Activities

Fifteen U.S. commodity organizations are currently working in ASEAN countries to promote sales of U.S. agricultural products. Of these, the most active are U.S. Wheat Associates, Cotton Council International (CCI), the American Soybean Association (ASA), the U.S. Feed Grains Council (USFGC), the U.S. Meat Export Federation (MEF) and the Poultry and Egg Institute of America (PEIA).

Four cooperator groups—ASA, PEIA, U.S. Wheat Associates and USFGC—maintain offices in the Singapore Agricultural Trade Office. U.S. Wheat Associates also has an office in the Philippines.

Leading Commodity Exports to ASEAN

(In million dollars)

	1980	1981	1982	1983[1]
Wheat and products	334	374	339	357
Cotton	267	209	195	189
Tobacco	110	116	177	172
Soybeans	81	103	139	139
Feed grains and products	29	67	49	52
Oilcake and meal	23	2	34	23
Other	290	310	271	305
All farm exports	**1,134**	**1,181**	**1,204**	**1,237**

[1] Projected.

Indonesia: Sales of the South Pacific

By Alan Trick

Stretching over 3,000 miles east to west along the equator, the island group of Indonesia, fifth most populous country in the world, is the United States' largest ASEAN customer when it comes to food and agricultural trade.

Indonesia's relative economic stability, and the record trade of recent years combine to promise a very bright future for U.S. sales of agricultural products.

Exports of U.S. farm goods to Indonesia established a new record for cash-on-the-barrelhead with the value pegged at $432 million for fiscal 1982. At the same time, imports from Indonesia have fallen for the second year in a row with FY 1982 showing a total of $507 million.

Most Major U.S. Commodities Move Ahead Despite Hard Times

Five of the six principal U.S. agricultural exports to Indonesia climbed to record volumes in 1982. Only rice fared poorly, while wheat, soybeans, soy meal, cotton and tobacco either rose or stabilized around record levels. Rice, it should be noted, has been sold almost exclusively on a concessional basis, while these other top U.S. exports were commercial sales.

The name of the game was growth. Overall, U.S. farm exports to this ASEAN market expanded more than 80 percent during 1977-81. Meanwhile, concessional sales dropped to about 5 percent of U.S. sales in 1982, down from a hefty 50 percent in 1977.

These figures are all but incredible against the backdrop of a worldwide recession. No country has escaped economic difficulty. As a petroleum producer, Indonesia is feeling the squeeze of declining oil prices.

Even worse is the anticipated 15-percent drop in non-petroleum exports for fiscal 1983, following a 35-percent decline from 1980 to 1982. This loss of revenue has a more direct impact on the general population than the loss of oil dollars.

Despite these difficulties, Indonesian imports of U.S. wheat and cotton held close to previous record levels in 1982. Soybeans, tobacco and value-added food products all rose sharply, continuing growth trends with gains of 50, 150 and 150 percent, respectively.

A closer look at some of the major commodities and a glance at Indonesian policies auger continued success for U.S. sales.

U.S. Wheat's Market Share Should Continue To Grow

Total Indonesian imports of wheat grew rapidly at 8-percent a year during the 1970s. However, demand slackened in 1981 and 1982 when the Indonesian government removed wheat subsidies, causing a 25-percent increase in flour prices. Cheap and plentiful rice, along with an economic pinch on consumers, combined to dampen wheat consumption even more.

Even with slackened demand, U.S. wheat increased its share of the market. Sales in fiscal 1982 hit 890,000 metric tons, a new record.

The gain was due to several factors. U.S. prices were competitive and the qualities were in high demand, particularly the high-protein and soft wheats. And wheat from Australia, the major competition in this market, was unable to keep up with the price and supply of U.S. wheats.

U.S. exports should continue at high levels in 1982/83, despite the current recession. Indonesia's milling capacity is up. Moreover, drought is expected to cut Indonesia's rice production. And Australia is looking at a short wheat crop this year.

Indonesian Textile Exports Create More Demand for Cotton

The outlook also is good for U.S. cotton. In fact, Indonesia moved into fifth place among U.S. cotton export destinations throughout the world in 1981/82. While all the data are not yet in, the United States may have increased its 60-percent share of the market, even though the quantity of exports remained virtually unchanged at around 386,000 bales (480 lb net).

Indonesia hopes to raise exports of textiles and garments. That's good news for U.S. cotton. Indonesian mills prefer U.S. types and qualities, particularly the California-Arizona irrigated varieties. They're also happy with the continuing reliability of U.S. shipments.

Soybean and Tobacco Exports Should Have Continued Success

Last fiscal year, U.S. soybean exports increased more than 3½ times the annual average for the 1970s. Exports reached 365,000 tons, beating the previous record of 252,000 tons set in 1981. Higher meat prices, nutrition education and government support of soyfood cooperatives should help the continued growth of U.S. sales.

U.S. tobacco exports also hit a record. Cigarette manufacturers in Java needed $33 million of flue-cured and burley to improve their product blend. That's more than twice the previous record set in 1981 when exports totaled $14 million.

Value-Added Products Grow Despite Limited Market

Value-added products—some 250 to 300 different goods—account for only 5 percent of U.S. exports to Indonesia. Despite onerous duties, appreciable growth occurred for most of these products, particularly for fruits, frozen beef and other meats, semiprocessed products and nuts.

Unless Indonesia restricts the market, further increases of these U.S. sales are likely, although the vast majority of Indonesians cannot afford these sorts of items.

Indonesia's Growing Pains No Bar to U.S. Sales

Overpopulation is probably Indonesia's chief problem, bringing with it the predictable difficulties of low per capita income.

Most of the people can afford only inexpensive locally produced necessities. Indonesia's farm imports, therefore, still consist largely of basic commodities of plant rather than animal origin.

Two-thirds of U.S. farm exports to Indonesia are procured by the government food agency, BULOG. In terms of value, these crop exports make up over 90 percent of total U.S. sales to that country.

Perhaps the most significant factor affecting U.S. sales will be Indonesia's ability to maintain an adequate rate of development. That rate is linked directly to export earnings, particularly agricultural exports. Unlike petroleum dollars, money from farm exports funnels directly to producers.

Last year when the government abolished or reduced food and fuel subsidies, the real income level was pushed to the critical point.

Fortunately, Indonesia's situation is better than that of most developing nations.

Despite recent drops in exports, the government is likely to have the financial resources or borrowing capacity to offset these income losses.

Continuation of the government's policies and programs, as well as anti-inflationary actions, will ensure Indonesia's growth—not only as an important partner in ASEAN—but as an important customer for U.S. agricultural goods. ■

The author is former U.S. Agricultural Counselor in Jakarta. He subsequently served with the Grain and Feed Division, FAS, until his retirement in early 1983.

Republic of Indonesia

People

Population: 150.7 million.
Annual growth rate: 2.2%.
Ethnic groups: Malay, Chinese.
Languages: Bahasa Indonesia, Javanese, Sudanese, English, Arabic, Chinese, Dutch.

Geography

Area: 349,650 sq. km. (135,000 sq. mi.).
Capital city: Jakarta.
Major islands: Java, Sumatra, Sulawesi, Kalimantan (southern part of Borneo), Irian Jaya (western part of old New Guinea).
Other land masses: 13,700 islands (7,700 uninhabited).
Terrain: 41% mountainous, 60% forested.
Climate: Wet tropical or monsoonal.

Economy

GNP: $75.2 billion (1981).
Annual growth rate: 7.6% (1981, real).
Per capita income: $573 (1981).

Natural resources:
Petroleum, liquified natural gas, tin, coal, copper, iron, gold, diamonds.
Agriculture (30% of GDP, 1980):
Rice, casava, sugar cane, corn, sweet potatoes, rubber, palm products, coffee, tea, spices.
Industry (41% of GDP, 1980):
Textiles, petroleum refining, pharmaceuticals, fertilizers, cement.

Trade (1978):
Exports—$21.9 billion.
Major markets—Japan, U.S., EC.
Imports—$10.8 billion.
Major suppliers— Japan, U.S., EC, ASEAN, Australia.

The Philippines: Gateway to ASEAN Markets

By Jim Chase

The Philippines—where the East and West have already met and mingled—is the gateway to the expanding ASEAN market. Although trade routes branch out in all directions, the strongest bond is with the United States.

The United States is by far the largest supplier of agricultural products to the Philippines. At the same time, the United States is the largest market for Philippine farm goods.

While U.S. agricultural trade with this Pacific partner has traditionally been in the red, the deficit has narrowed considerably in recent years.

And if some Philippine trade restrictions are removed, as scheduled, U.S. farm exports to this market should continue to climb.

North-South Island Chain At East-West Crossroads

An archipelago stretching nearly 1,000 miles from north to south, the Philippines consists of more than 7,000 islands. Some are small, disappearing at high tide; others have live volcanos. Only about 700 of the islands are inhabited, while just 11 comprise about 95 percent of the total land area.

About the size of Arizona, the Philippines is smaller than Japan and slightly larger than the United Kingdom. It is the third largest English-speaking nation in the world.

The Importance of Agriculture

Agriculture is one of the most important sectors in the Philippine economy, employing more than 50 percent of the work force and contributing over 26 percent of the gross national product.

About 40 percent of the country's land area is devoted to crops. Average farm size is small, averaging only 3.5 hectares. Tobacco farms tend to be the smallest, while sugar plantations are the biggest. Only two crops—rice and corn—take up more than half of the total agricultural area.

Other major crops are sugar, coconuts, pineapples, bananas and abaca. In an attempt to increase its roster of profitable crops, the Philippines is trying to expand its cotton production.

High on the country's export list are coconuts and products, sugar, pineapples and bananas.

Despite a large domestic production, the Philippines must rely on outside sources for many agricultural items. This results mainly because of a rapidly growing population, which is expanding by 2.5 percent annually, and a low ratio of harvested area to population.

But there are strong impediments to increasing food production, such as: insufficient farm credit, poor water management, an undeveloped

—AID photo

marketing system, a scarcity of new technology, and an inadequate crop protection program.

Trade With the U.S.

As the leading supplier of agricultural products to the Philippines, the United States has provided more than 50 percent of the country's farm imports in recent years. In fact, the Philippines is the second largest ASEAN market for U.S. farm products.

In fiscal 1975, U.S. agricultural exports to the Philippines totaled only $142.9 million. They rose steadily through 1979 then jumped sharply to $316.8 million the next year and $337.7 million in 1981. In the past fiscal year, though, they fell to $320.1 million, mainly because of declining values of major U.S. export items.

Wheat is the top trade item, accounting for almost half of Philippine imports of U.S. farm products for the past two years. Next on the list are tobacco, corn and cotton, which together accounted for about one-fourth of U.S. exports during these two years.

A growth item in this trade is soybeans following the recent startup of a crushing plant in the Philippines. Initially, the plant is producing soybean meal and oil, but eventually it will also manufacture textured vegetable protein.

Sales Potential For Other Products Is Good

Besides the top-ticket items, many U.S. agricultural commodities have very good sales potential in the Philippines. These include oranges, raisins, apples and canned peaches as well as beef, turkey products, dried beans and wines.

However, these products are currently restricted by various tariff and non-tariff barriers. For example, beef imports are controlled by the government and only large, five-star hotels are allowed to buy high-quality U.S. beef—and then only after getting approval from the Philippine Bureau of Animal Husbandry (BAI).

Republic of the Philippines

People

Population: 49.4 million (1981 est.).
Annual growth rate: 2.5 % (1980).
Ethnic groups: Malay, Chinese.
Languages: Pilipino (based on Tagalog), national language; English, language of government and instruction in higher education.

Geography

Area: 299,679 sq. km. (115,707 sq. mi.).
Cities: Manila (6 mil. in metro area) the de facto capital, although Quezon City, located within the metro Manila area, is designated capital.
Other major cities: Davao (600,000), Cebu, (450,000).
Terrain: 65% mountainous, with narrow coastal lowlands.
Climate: Tropical, astride typhoon belt.

Economy

GNP: $36.5 billion (1980).
Annual growth rate: 4.7% (real).
Per capita income: $779 (1980).
Inflation rate: 18% (1980).

Natural resources: Timber, copper, nickel, iron, cobalt, silver, gold, petroleum.
Agriculture: Sugar, coconut products, rice, corn, pineapples, bananas.
Industry: Textiles, pharmaceuticals, chemicals, wood products, food processing, electronics assembly.

Trade (1980):
Exports—$5.9 billion.
Major markets—U.S., Japan, EC.
Imports—$7.2 billion.
Major suppliers—U.S., Japan, EC.

This bureau must also approve imports of turkeys and ducks. Although these birds are raised domestically, they are not comparable in quality with their U.S. counterparts and do not meet the standards required by the top hotel restaurants.

Apples, oranges, grapes and nuts—Christmas goodies, in this case—can be imported only during the year's final quarter for sale during the Yule season.

Although U.S. wines are popular in the Philippines, local distributors can represent only one winery at a time. They have only a small monthly foreign exchange allocation to cover all their imports of wines and spirits, so this market's real potential has not yet been realized.

Animal Products in Demand

The Philippines is also a good market for high-quality livestock and poultry. The dairy industry is small, with only one established operation and a couple more just starting. But having already imported over 400 heifers to upgrade their herds, these producers realize the superior genetics of U.S. cattle.

Both the domestic swine and poultry industries are expanding rapidly. Producers in these sectors have already relied on the United States for parent and grandparent stock to improve their operations. This trend should continue in the future.

U.S. Market Development Programs Are Extensive

The Philippines has been an active area for promotional programs by FAS market development cooperators. All the major U.S. farm exports, except tobacco, are being promoted in the Philippines.

While U.S. Wheat Associates (USW) is the only FAS cooperator to maintain an office in Manila, development programs by the American Soybean Association (ASA) and the U.S. Feed Grains Council (USFGC) are handled by regional directors stationed in Singapore. Promotion by the Cotton Council International (CCI) is directed from its office in Hong Kong.

The USW focuses primarily on a technical servicing program. It works very closely with the National Food Authority (NFA), the government agency solely responsible for importing grains. USW also works with flour millers, local bakers and bakery associations throughout the country.

Some of the major USW activities in the Philippines are:
- Sponsoring consultants who visit bakeries and conduct seminars;
- Working with the NFA to develop a training school for bakers, and using the "baking van"—provided by the Minnesota Wheat Commission in 1980—to visit many remote areas; and
- Sponsoring trade team trips to the United States.

The USW also helps pay the way for Philippine baking technicians and flour mill representatives to attend courses at the American Institute of Baking and Kansas State University, respectively.

Joint Activities by Cooperators

There are also a number of joint ASA-USFGC activities designed to bring consultants to the Philippines. Specialists travel around the country visiting farms and staging seminars. In addition, two instructors conducted a feed workshop and another assisted in a computer workshop.

Among the major ASA activities were:
- Bringing in an expert on fisheries to study the feasibility of using soybean meal in fish rations;
- Periodic visits by staff members of the Singapore office to help Philippine processors and users of soybean oil; and
- Conducting seminars to show the best way to use soybeans and products in human nutrition programs.

In conjunction with Filipino pork producers, the ASA put on a media event in January 1981 featuring an entire menu of items that contained


—AID photo

soybeans in some form. More than 300 people from the media and nutrition-related industries attended.

Portions of the program and interviews with Don Bushman, ASA regional director, and the director of BAI were on prime-time TV shows and on local news broadcasts.

Besides the joint programs with ASA, USFGC's activities are centered on feeding trials in the dairy, beef cattle and swine industries.

The CCI's market development efforts are channeled through cooperative advertising and promotions with textile mills, apparel firms and retailers. In cooperation with the Textile Manufacturer's Association of the Philippines (TMAP), the Cotton Council distributes technical and market information for end users.

Other U.S. cooperators with limited market development programs in the Philippines are the National Renderers Association, the U.S. Meat Export Federation, the Poultry and Egg Institute of America and the U.S. Dry Pea and Lentil Council.

Trade Barriers Being Lifted

Many agricultural products are subject to tariff duties that range from 50 up to 100 percent. In addition, many commodities, declared "non-essential" consumer items, are banned unless the Central Bank approves spending foreign exchange funds for purchasing them.

In the past few years, however, the government has relaxed some of these restrictions. And all of them are expected to be lifted by 1985 in order to satisfy loan conditions set by the World Bank.

U.S. Efforts Attract Buyers

Despite these trade barriers, the Office of Agricultural Affairs in Manila has kept U.S. products in front of hotel and restaurant managers, food processors and importers.

In early December, the office staged a successful product display that is expected to lead to sales of more than $500,000.

In each of the past two years, wine tastings have been held. The first one (March 1981) included only wines that were distributed in the Philippines. The second one (January 1982) also included wines sold locally, but emphasized new-to-market brands.

The key to the Philippine market is to make the food and beverage industries aware of the high quality of U.S. agricultural products, so that when the restrictions are removed these groups will look to the United States for their supplies.

In the past seven years, U.S. farm exports to the Philippines have more than doubled. If potential sales are added to the proven list of best sellers, the outlook is very bright for U.S. exporters. ■

Formerly U.S. Agricultural Officer in Manila, the author is with the Program Development Division, Export Credits, FAS. Tel. (202) 382-9216.

Malaysia: A Strong and Growing Market

By Richard Blabey

With strong economic growth and rising incomes, Malaysia is turning more to the United States to satisfy the diverse and increasingly sophisticated diets of its people.

While many U.S. export markets for agricultural products sagged in 1982, the Malaysian market continued to grow, rising 30 percent to $144 million.

Although Malaysia is primarily a market for bulk commodities, demand for U.S. consumer-ready foods is growing steadily.

Demand Takes Off

U.S. agricultural shipments to Malaysia took off in 1977 in response to both rapid economic growth and U.S. inroads into the market. During the 1970s, economic growth averaged 8 percent and per capita GNP is now $2,000.

Malaysia has had considerable success in diversifying its economy beyond the traditional dependence on tin, rubber and oil palm. From a blend of commodity and manufactured exports comes the necessary foreign exchange to import U.S. farm products.

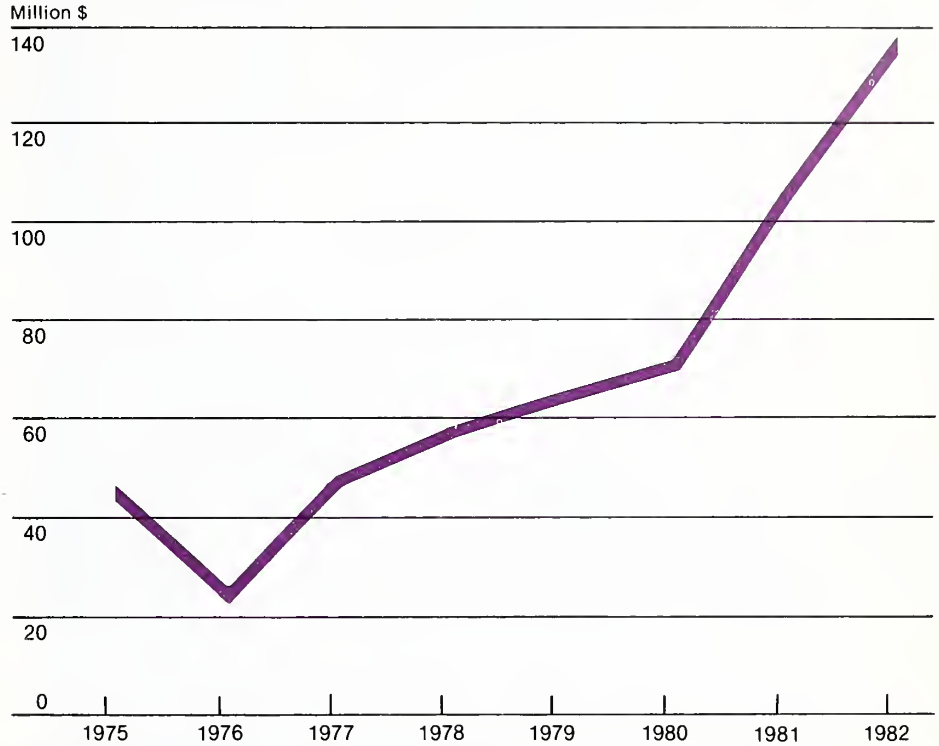
Malaysia's Rich Agriculture

Domestic agricultural production contributes much to Malaysia's economic and social stability. But while rich in agriculture, Malaysia is not self-sufficient in food production. Roughly 70 percent of the cultivated land is used for export crops such as rubber and oil palm. As a result, Malaysians usually have looked to neighboring countries for wheat to make noodles and bread, most feed ingredients, dairy products, raw sugar and rice.

A Diverse Market

Malaysia's population of 14 million is ethnically diverse, making marketing more difficult for the food industry. The Malay, Chinese and Indian communities all have distinctive eating preferences.

Increasingly Affluent Malaysian Consumers Buy More U.S. Foods



Malaysia

People

Population: 13.9 million.
Annual growth rate: 2.7%.
Ethnic groups: Malay, Chinese, Indian.
Languages: Malay, Chinese dialects, English, Tamil.

Geography

Area: 330,435 sq. km. (127,581 sq. mi.).
Cities: Kuala Lumpur (1.04 million in 1980), Penang, Ipoh.
Terrain: Coastal plains and interior, jungle-covered mountains.
Climate: Tropical.

Economy

GNP: $24.7 billion (1981).
Annual growth rate: 7.5% (1978 constant prices).
Per capita income: $1,476 (1980).
Inflation rate: 5% (1977-79).

Natural resources: Tin, timber, petroleum, natural gas.
Agriculture (25% of GNP): Rubber, palm oil, timber, cocoa, rice, pepper, pineapples.
Industry (20% of GNP): Steel, automobiles, electronics, rubber products.

Trade (1978):
Exports—$7.7 billion.
Major markets—Japan, U.S., Singapore.
Imports—$6.3 billion.
Major suppliers—Japan, U.S., Singapore, U.K.

Loren Gifford, USDA

Complicating this picture is the geographic dispersal of the Malaysian market. The majority reside in the west Malasian peninsula, but 2 million Malaysians live across the South China Sea in the Sabah and Sarawak states in north Borneo. Traders in Singapore still supply this market with grocery products by breaking down containers and repacking the goods in small lots.

Singapore is also a transshipment port for products destined for Malaysia's southern peninsula. Goods are repacked into lorries and trucked across the Johore Straits causeway.

However, this trade is declining because of higher transportation costs and the 10-percent rebate of the import duty if cargo is offloaded directly at Port Kelang near Kuala Lumpur, the capital city.

The U.S. Disadvantage

U.S. food products are often at a competitive disadvantage because of the higher transportation costs.

Because of their proximity and long-established trading ties, Australia, New Zealand, Thailand and even China have significant shares of the Malaysian food market.

Shallow channel depths at Malaysian ports also thwart potential economies of scale in shipping bulk commodities from the U.S. West Coast. As a result, most bulk cargoes are limited to 25,000 metric tons or less.

Sea container service to Port Kelang and Penang from the United States is frequent, but time-consuming, taking as long as 26-30 days.

A Look at Top Exports

Soybeans are the top U.S. export to Malaysia, totaling $36 million in fiscal 1982. Malaysia's two soybean crushers buy about 65 percent of their beans from the United States.

Begun in 1980, Malaysia's soybean crushing industry is still in its infancy. Demand for soybean meal reflects a scarcity of domestically produced vegetable or fish protein. Palm kernel meal, which is in abundant supply, is too fibrous and lacks key amino acids for efficient growth of poultry and swine.

Leaf tobacco ranks as the second largest U.S. export to this market ($31 million in fiscal 1982). Three international tobacco companies have manufacturing plants here, blending U.S. leaf with local tobacco.

Straight Virginia tobacco cigarettes hold a commanding share of the market; however, American blends have recently gained in popularity, creating a small but growing market for U.S. burley leaf.

Wheat Demand Growing

While rice remains the predominant food grain consumed in Malaysia, demand for bakery products and noodles is on the rise. Imports of about 500,000 tons of wheat are necessary to satisfy consumption needs. As a result, wheat has become the third largest U.S. export to Malaysia, accounting for $21 million in 1982.

Because of its proximity and capability to load small cargoes of 10,000 tons or less, Australia has been Malaysia's traditional wheat supplier and storehouse. But with recent additions to bulk grain storage and handling capacity, the outlook for U.S. wheat sales has improved.

Cotton is also a leading U.S. export to Malaysia—$16 million. The textile industry, which is small by Asian standards, is owned in part by textile groups in Hong Kong, Japan and India.

Use of Consumer-Ready Foods On the Rise

Malaysia's demand for consumer-ready or processed U.S. foods is modest, but growing steadily. Exports in fiscal 1982 totaled $28 million.

Thailand: Export Challenge And Market Opportunity

Fresh fruit tops the list of U.S. sales of consumer-ready food in this market. Last year, roadside hawkers and vendors in Malaysia's markets peddled nearly $7.7 million worth, primarily California oranges and Washington apples.

Most Malaysians do their grocery shopping in market stalls, sundry shops and mini-markets. U.S. foods must compete with a variety of local and international products for tight shelf space.

Because of the abundance of fresh produce in the local market, export demand for most U.S. canned fruits and vegetables is limited. But U.S. exporters have found a demand for canned corn, fruit cocktail and peaches. Dried fruits, particularly raisins, are quite popular.

Beverages and beverage bases are important items in U.S. consumer-ready trade in this market. Malaysia's tropical climate fosters strong demand for cold juice drinks year-round. Because the duty on single-strength juice and concentrates is the same, imports of concentrates are growing much faster.

Although imports of frozen foods are hampered by Malaysia's limited refrigeration facilities between port and consumer, frozen french fries are becoming increasingly popular, thanks to American-style fast food restaurants.

In the future, trade servicing will be the key to tapping the growing potential of the Malaysian market. To be successful in the Malaysian market, U.S. exporters should visit Kuala Lumpur. Most Malaysian traders are fluent in English and welcome direct contact with overseas suppliers. ■

The author, formerly the agricultural attache to Malaysia, is an agricultural economist in the International Trade Policy Division, FAS. Tel. (202) 382-9064.

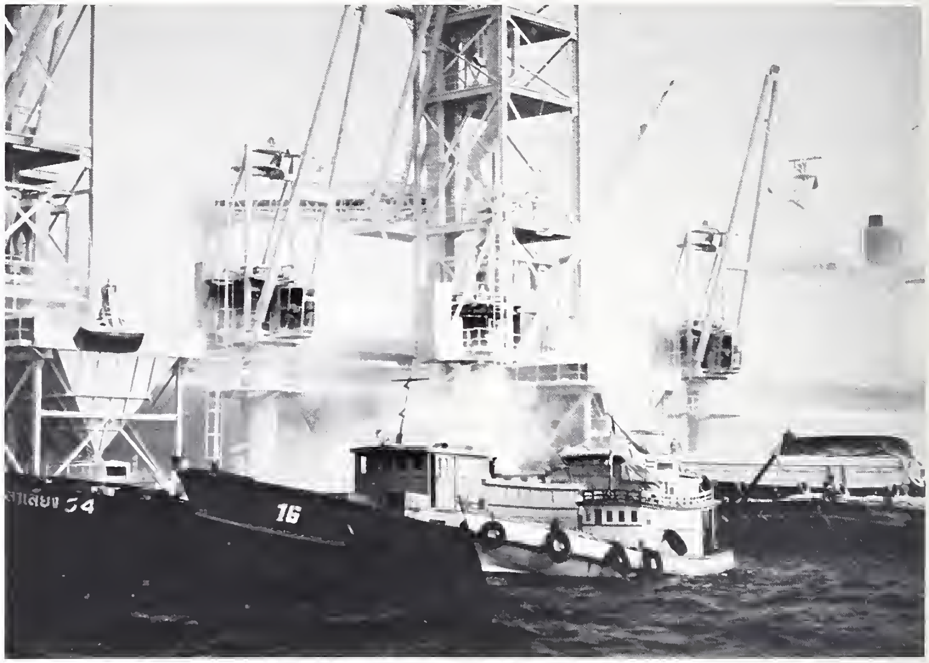
—AID photo

By Robert C. Tetro

Once called Siam, the modern, more economically diversified Kingdom of Thailand continues to evoke an ancient beauty and mystery. About three-fourths the size of Texas, Thailand stands alone in Asia as the only net food-exporting country.

For several decades, the economy of modern Thailand has been a story of growth. The record of the past 20 years reflects an annual economic growth rate of about 7 percent and an average agricultural growth of about 5 percent.

Robert Tetro, FAS



Robert Tetro, FAS

Such trends—in response to both international and domestic market demand—have dramatically moved Thailand away from a subsistence agriculture based on a narrow range of crops. This expansion has simultaneously enhanced Thailand's competitive position with the United States in a broad range of agricultural products while opening markets for still other U.S. farm commodities.

The upsurge in Thailand's economy—recently blunted by world recession and sluggish agricultural performance—is due mostly to the success of several basic activities: farming, fishing, mining and light industrial production.

Large agricultural-processing and textile plants, dams, ports and roads have stimulated the growth of a construction industry. Exports from this industry include cement, labor and expertise to several parts of Asia, but mostly to the Middle East.

U.S. Export Trade

U.S. agricultural exports to Thailand reached a peak of $184.8 million in fiscal 1981 and then declined to $155.1 million in 1982.

Some of this decline reflected the greater availability of domestic feed inputs. However, much of the drop occurred because of recession-induced contractions in several light industrial sectors using imported U.S. cotton, wheat, and blended sugar/molasses syrup.

Despite the decline last year, U.S. wheat sales are among the brighter prospects for market expansion. The United States has had about a 65-percent share of the wheat market. In 1982, sales of U.S. wheat to Thailand were $12.7 million, down from $29.4 million in 1981, but still making it our third largest export product to that country. Tobacco was the leading export ($67.4 million) followed by cotton ($50.6 million).

Export opportunities will expand as the popularity of prepared mixes for bakery products rises, as domestic consumption habits conform with patterns of a more modern economy and as Thailand's flour mills provide larger orders for such institutional end-users as bakeries, schools, hotels and hospitals. U.S. market promotion efforts for wheat products should enhance these prospects.

Imports of U.S. soybeans and soybean meal are also expected to rise to meet the demands of a growing livestock sector (particularly swine and poultry). Imports could also benefit from increasing interest in aquaculture production.

U.S.-Thai Farm Trade Balance Shifts

(In million dollars)

FY	U.S. Exports	U.S. Imports	U.S. Trade Balance
1978	118.9	83.2	— 35.7
1979	150.8	109.2	— 41.6
1980	170.8	139.0	— 31.8
1981	184.8	185.8	— 1.0
1982	155.1	263.9	— 108.8

Before this demand takes place, though, changes are needed in regulations that control slaughterhouses supplying the domestic market and in export controls on various milling by-products. Regulation changes would boost demand for such protein feed ingredients as soybeans.

Protective import duties imposed to support domestic farm prices also need to be reduced before the full potential for a demand increase can be realized.

U.S. raw cotton sales should also benefit from the renewal of economic growth and practical constraints on any dramatic increase in domestic cotton production. U.S. raw cotton sales will also benefit if Thailand's textile industry increases competition with Hong Kong, South Korea and Taiwan.

Increased Competition In Farm Exports

Thailand—a country with a tradition of rice exports dating back to the 17th Century—has been the world's largest rice exporter for the past two years and a major U.S. competitor.

The rice competition has increasingly focused on the world's high-quality markets for this product. This trend is expected to continue because key overseas buyers have recently been increasing their purchases.

Thai farm exports have grown from about $1.5 million just 10 years ago to roughly $4.4 billion in each of the past two years. The country's agricultural trade surplus has grown to about $3.8 billion.

This trend has been in response to increased domestic and international demand for such traditional exports as rice, corn, tapioca products, rubber, sugar, and leaf tobacco. It has also been affected by rising demand for less prominent products as hides, skins, and chicken.

Despite some recent gains in U.S. agricultural exports to Thailand, the trade balance has swung in Thailand's favor the past two years (see table).

Kingdom of Thailand

People

Population: 49 million.
Annual growth rate: about 2.1%.
Ethnic groups: Thai, Chinese.
Languages: Thai, Chinese, ethnic and regional dialects, and English.

Geography

Area: 517,000 sq. km (200,000 sq. mi.).
Cities: Bangkok (capital, pop. 4.5 million), Chiang Mai (100,000), Hat Yai (30,000), Udon (80,000).
Terrain: Mountains and fertile valleys in north, plateau in northeast, rain forests in south.
Climate: Tropical, monsoon region.

Economy

GDP: $36.5 billion.
Annual growth rate: 4-6 percent.
Per capita income: $745.

Natural resources: Fish, natural gas, forests, flourite, tin, tungsten.
Agriculture: Rice, cassava (tapioca), rubber, corn, sugar, pineapples.
Industry: textiles, processed foods, wood, cement.

Trade:
Exports— Rice, tapioca, sugar, rubber, maize, tin, pineapples, textiles.
Imports—Transportation and construction equipment, non-electrical machinery and parts, crude oil, textile fibers, chemicals.
Major markets— Japan, U.S., Singapore, Germany, the Netherlands.

The current surplus in Thailand's favor is largely a result of stepped-up U.S. imports of raw sugar. Other factors include increased imports of canned pineapples, pineapple juice concentrate, tapioca flour, rubber and leaf tobacco.

The Farm Sector

Despite a greater variety in crops and in exports, the business generated by rice cultivation, transportation, processing and marketing continue to be the most important in Thailand.

Rice has recently accounted for about 20 percent of the country's agricultural export earnings, nearly 30 percent agriculture's share of the gross domestic product (GDP) and about 9 percent of the total GDP.

The farm sector accounts for about 21 percent of the GDP and employs more than 70 percent of the labor force. Like other surplus producers, Thailand has been suffering from depressed commodity prices. These prices have lowered farm incomes.

The 1981/82 season saw record crops of rice, corn, sugarcane, and leaf tobacco. Such abundance, coupled with world demand aided by the declines in commodity prices, allowed record export movement of many commodities.

Rice and raw sugar exports in 1982 reached 3.6 million metric tons and 2.2 million tons, respectively. Corn exports in 1981/82 (July-June) topped 3 million tons.

For such increases to be sustained throughout the 1980s and well into the next decade, future growth in the agricultural sector will need to concentrate on higher productivity. Past performance has come mainly from expansion into areas unsuitable for permanent cultivation. Hence, future gains will hinge on higher yields that will require greater use of inputs. ■

The author is the U.S. Agricultural Attache in Bangkok.

Tiny Singapore A Big Market

By Bernard Kong

Singapore, a small island republic of 2.4 million people, has become one of the fastest growing markets in the world for food products—thanks in part to its role as an entrepot trade center. U.S. food exports to this market have more than tripled since 1979.

The island is the focal point for air and sea routes to and from the entire ASEAN region. In addition, its free port status enables Singapore to serve as a break bulk center for commodities destined for the high tariff markets of the other ASEAN countries.

Singapore also provides the logistics base for oil companies conducting exploratory searches in Indonesia, Malaysia, Thailand and Philippines. It has been estimated that over 140 foreign oil companies and oil-related service organizations are located in Indonesia alone.

At a time when the economies of the major developed countries have been experiencing economic downturn and high unemployment, Singapore has been almost completely inured to the ill effects of the world recession. Its gross domestic product and external trade have both boomed.

While the rest of the world's trade stagnated, Singapore's external trade grew by 8 percent in 1981. This growth in external trade (reaching US$46.3 billion in 1981) was attributed mainly to an increase in the petroleum trade. The major components of Singapore's total trade were petroleum, machinery and transport equipment, rubber and timber.

Total imports of agricultural commodities from all sources were over $2 billion in 1981, a sum that appears overwhelming in relation to the size of Singapore's own population. However, approximately 75 percent of the island's food imports are re-exported to surrounding ASEAN countries.

Fruits and vegetables form the biggest single component of Singapore's food imports, totaling close to $400 million in 1981. Grains, cereals and cereal preparations, valued at $377 million, are next.

Other significant imports are coffee, tea, sugar, spices, frozen poultry, dairy products, meat, meat preparations and processed foods.

U.S. Exports Climb

U.S. exports of food to Singapore grew from $90 million in 1979 to an estimated $300 million in 1982. Future growth is expected to be mainly in frozen poultry, processed foods and fruits and vegetables.

Imports of U.S. food into Singapore traditionally come from the West Coast, which has a considerable transportation advantage.

The United States has a substantial share of the frozen poultry market because of its competitive prices in relation to chickens supplied by the Danes, Dutch and Thai. In addition to traditional poultry items, Singapore is also a market for chicken feet and offal—which are considered desirable food by many consumers.

However, U.S. exporters who plan to ship frozen poultry, red meats amd related products to Singapore should check on the health requirements for poultry and meat imports. Singapore authorities require certification by USDA's Food Safety and Inspection Service that the imported poultry have undergone ante-mortem and post-mortem inspection and that the product is fit for human consumption.

Singapore's market for fresh fruits and vegetables is expanding rapidly. Apples, oranges and grapes from the United States form a large proportion of all fruit imports. Consumers are becoming more aware of other temperate climate fruits like peaches, nectarines, strawberries and cherries. The major constraints to expanded U.S. sales are high transport costs and perishability.

Stiff Competition in Dairy, Meat Markets

Singapore, with its many tourists (2.2 million last year) and entrepot trade sector, uses substantial amounts of butter, cheese and other milk products. Also needed are processed meats, such as sausages, frankfurters and luncheon meats. In fact, the market for processed meats has been expanding and a few local and foreign companies have set up meat processing and canning plants.

However, Australia, and the European Community are the traditional suppliers of dairy products and processed meats to Singapore—and U.S. exporters can expect to face stiff competition in these markets. ■

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Republic of Singapore

People

Population: 2.4 million (1981 est).
Annual growth rate: 1.2 %.
Ethnic groups: Chinese (76%), Malay (15%), Indian and Pakistani combined (7%), other (2%).
Languages: Malay, although English is widely used in professional and business circles.

Geography

Area: 581 sq. km. (224.3 sq. mi.).
Capital: Singapore (country is a city-state).
Terrain: Lowland.
Climate: Tropical.

Economy

Per capita GNP: $5,350 estimated for Jan. 1, 1983 (highest in Southeast Asia).
Annual GDP growth rate: 9.8 percent (1981), 6.0 percent (1982 preliminary unofficial estimate). Economy based primarily on entrepot trade (world's third largest port) and banking (fourth largest international banking center).
Manufacturing: accounts for about 27% of GDP. Petroleum subsector largest manufacturing sector, with world's third largest refinery capacity. Next are transportation equipment and services, electrical machinery, textiles and food industries.
Services: Despite growth of goods sector (mainly manufacturing), services still over 70% of GDP.

Agriculture: Very limited by lack of land for cultivation. Intensive cultivation of vegetables and other food crops. Self-sufficient in pork, poultry and eggs and a major exporter of orchids and tropical fish.

Trade: Major world trading center for natural rubber, palm oil, pepper, coffee, cereal crops and other regionally produced commodities. More than 70% of imported goods transshipped to nearby markets, such as Indonesia and Malaysia, and to distant markets such as the Middle East, with which Singapore runs large trade deficits. Three-fourths of all retained imports are raw materials and semi-manufactured products. Some 80% of food needs are imported.

NASDA: Showing Off U.S. Farm Products in Atlanta

By Lloyd Williams

What better place to show off the hospitality of an entire country than Atlanta, a city that still holds the patent on Southern hospitality

For three days this spring, the "crossroads of the South" will become the crossroads of the world as food buyers from foreign countries converge on the historic city to view displays of virtually every kind of food and agricultural goods produced in the United States.

And, in the Atlanta tradition, it will be done on a grand scale. More than 500 U.S. food producers are expected to participate in the exposition. It will take an exhibition hall the size of a football field — three football fields, in fact —to display all of the products. And that's just the size of the Georgia World Congress Center.

The center has the largest one-floor exhibition area in this country. It is here that the Foreign Agricultural Service (FAS) and the National Association of State Departments of Agriculture (NASDA) will team up on May 17-19 to put on the biggest food exposition for foreign buyers ever held in the United States.

Jim "Buck" Ross, president of NASDA and commissioner of the Mississippi Department of Agriculture and Commerce, says the exposition will provide a needed boost to the U.S. food industry.

"The exposition," he says, "presents a sales opportunity for U.S. food firms at a saving in time and costs. Instead of having to travel long distances overseas to find new customers, the foreign buyers will be coming to them to see what they have to offer."

The show is billed as a "one-stop shopping" opportunity for buyers and will help expand trade between the United States and foreign markets.

Visitors Represent Wide Interests

Japan is expected to send a delegation of nearly 400 buyers. Other countries expected to send large groups include Germany, the Netherlands, and Nigeria. An official group is even expected from China.

Visitors will include representatives of large foreign trading companies interested in a variety of food items and many smaller firms with more specific interests, such as snack and health foods. FAS and NASDA are predicting a high interest in food items recently introduced in the U.S. market.

The emphasis at the exposition will be on fresh and processed foods and ingredients for the foreign wholesale, retail and institutional trade, but U.S. firms marketing all types of agricultural products can take part.

Seminars Will Highlight Food Exposition

As an added incentive to both buyers and sellers, a series of export-oriented seminars will be held during the show. Subjects will include: trade barriers, new legislation affecting exports, quality control, food processing technology and food storage.

Seminars will be conducted by Eric Joiner, vice president and director of sales for AJC International, Inc.; Don Sands, executive vice president of Gold Kist, Inc.; Theodore Labuza, professor of food science and nutrition at the University of Minnesota; and Eugene Griner, director of business information services of the Small Business Development Center in Athens, Ga.

Conference organizers have done everything possible to assist international visitors. This includes translation services in Arabic, French, English, German, Japanese and Spanish. Free shuttle services will be available from hotels to the conference center.

Ambassadors of participating countries have been invited to attend the opening ceremonies on May 17 and a special plane will take them from Washington to Atlanta. After the opening ceremonies, they will tour the display area and attend a luncheon in their honor. The plane will return them to Washington the same day.

One Taste Worth A Thousand Words

Participants will be able to sample U.S. products. Even some of the seminars and workshops will offer food samples. At a display by the Poultry and Egg Institute of America, chefs will demonstrate new poultry and egg recipes.

Samples of U.S. beef, pork and variety meats will be prepared by the U.S. Meat Export Federation and a demonstrator will explain their uses. The Wine Institute will provide a tasting of some of the best American wines.

After the foreign buyers get a taste of Southern hospitality, they will also have the opportunity to see how hospitable other parts of the country can be. As guests of local state departments of agriculture, many of the visitors will tour important food-producing areas of the United States.

One group will visit a California winery, and another will see firsthand the Florida citrus, vegetable and nursery industries.

In the Midwest, some will tour a Kansas feedlot to view its operations and visit beef and pork processing plants, while other participants visit the Wisconsin dairy and cheese industry. Closer to the exposition site, one group will visit a leading Georgia broiler producer and farm cooperative.

For more information about the exposition, contact NASDA, 1616 H Street, N.W., Washington, D.C. 20006 Tel. (202) 628-1566. ■

The author is assistant to the director of the National Food and Agriculture Exposition for the National Association of State Departments of Agriculture (NASDA), Washington, D.C. Tel. (202) 628-1566.

Sugar: Higher Stocks, Slight Gains in Usage

By Peter J. Buzzanell

Recovering rapidly from the deficit of 1980, world centrifugal sugar production (raw value) rebounded in 1981/82 to a record of nearly 100 million metric tons. For 1982/83, output will be off only marginally to 98.5 million tons.

The growth in production has outpaced consumption, creating a surplus. Stocks are expected to spiral upward again by the end of the 1982/83 season (Sept.-Aug.). Meanwhile, prices, which have declined sharply since 1981, appear likely to remain weak until the gap between production and consumption narrows.

Low Prices Will Stimulate Demand

World sugar consumption for 1982/83 is expected to advance 2.8 percent from the 1981/82 level to 92.1 million tons. Relatively low world prices for sugar will stimulate demand somewhat and thereby increase the rate of growth in global consumption.

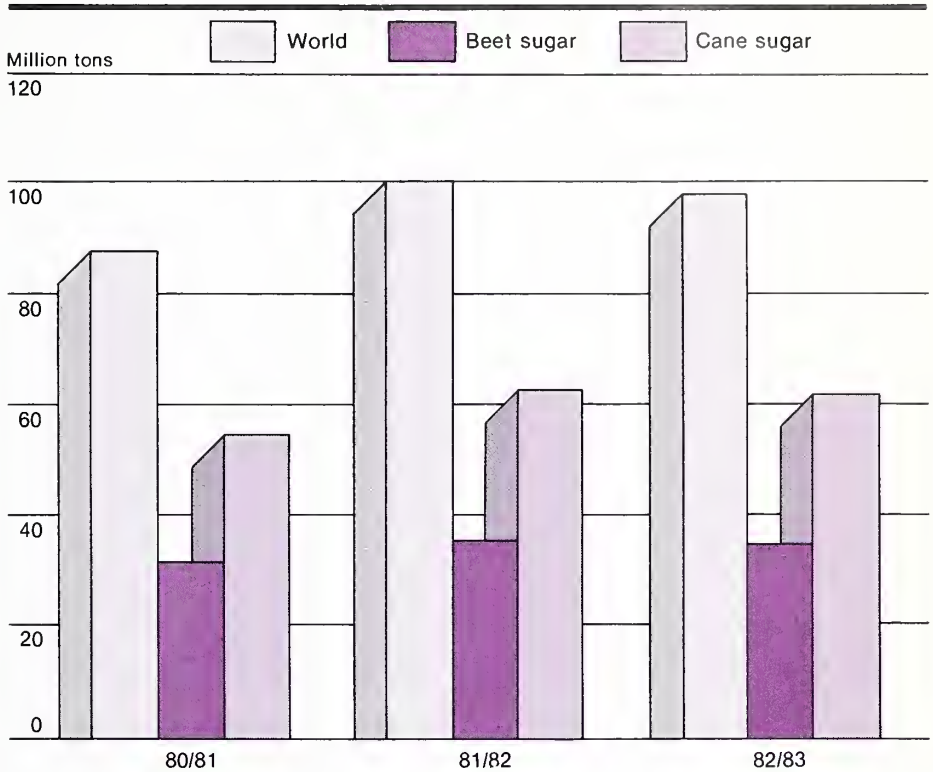
Sugar consumption is forecast to grow moderately in 1982/83 in the developing countries of Latin America, Asia and Africa, as well as in the centrally planned economies of Eastern Europe, the Soviet Union and China.

In contrast, sugar usage in most industrialized countries this season is expected to either stagnate or decline. The effects of economic recession in the Western world have dampened demand for sugar-containing products over the past two years. Even more important, however, has been the influence of sugar substitutes—noncaloric sweeteners and caloric sweeteners, mainly corn based—on demand in industrialized countries.

Sugar Trade Changes Little

Thus far in 1982/83, most aspects of the world trade in sugar continue to follow recent trends. Global sugar imports are likely to approximate 26 million tons. As usual, only about one-quarter of annual production will enter world trade. The rest will be consumed or used to build stocks in producing countries.

World Sugar Production Has Rebounded to Record Levels



About one-quarter of world imports go to the centrally planned economies under special trade arrangements. Cuba is the primary supplier, and the USSR, Eastern Europe and China make up the bulk of the import market. Over one-third of world sugar imports are expected to be absorbed by industrialized countries, with the United States and Japan being two of the largest markets.

The remaining share of world sugar imports (roughly 40 percent) will be shipped to developing countries in Africa, the Middle East and Asia. Many of the developing countries of the Western Hemisphere are major net exporters. However, Mexico, Venezuela and Chile again will be significant importers of sugar during 1982/83.

North African countries are expected to import about 2 million tons during 1982/83. The Middle East region is expected to import about 3.1 million tons during 1982/83, up sharply from last season as higher import needs are anticipated in Iran, Iraq and Saudi Arabia.

In contrast, Asia's import needs are expected to be off from 1981/82 levels. This reflects higher domestic output in traditional importing countries in South and Southeast Asia, particularly Indonesia. China's import needs are expected to be off following a record domestic crop last year and prospects for another good crop this year.

World supplies available for export in 1982/83 exceed import expectations. Even in times of low world prices and especially during a worldwide recession, buyers are not likely to import above their consumption and pipeline needs. As a result, a sizable portion of exportable supplies may remain in the hands of exporters, contributing to the upward spiraling of stocks in many net exporting countries. ■

The author is an agricultural economist with the Horticultural and Tropical Products Division, FAS. Tel. (202) 382-8910.

Country Briefs

Algeria

U.S. Egg Exporters Encouraged To Enter Market

Algeria, the world's largest importer of table eggs, may take steps to encourage U.S. exporters to compete in its market. Consideration is being given to opening tenders for a longer period to give U.S. exporters a better chance to respond—the current period is 20-30 days. However, eggs arriving in Algeria must be no older than 8 days. Spain and the Netherlands are now the major suppliers. Algerian egg imports in 1982 may have exceeded 1 billion.— *Dale L. Good, Tunis, Tunisia.*

China

Expanded Facilities Needed To Raise Import Capacity

China buys about 15 million metric tons of grain annually to supplement its domestic production of about 335 million tons. With its population projected to approach 1.3 billion by the end of the century, China must improve its port capacity and will need to expand its grain imports. This will require the Chinese to upgrade their transportation and storage facilities to meet domestic food requirements. Those are the highlights of a report from USDA's Office of Transportation. A two-man team from that office visited China last year.

In order to increase its grain imports, China needs to expand the grain handling, storage and distribution system that moves products from the ports to consumers.—*Office of Transportation, USDA. Tel. (202) 447-7481.*

Ecuador

Horticultural Imports Banned

Ecuador recently banned imports of virtually all horticultural products as part of a package of measures to overcome a balance of payments deficit. Only four products are exempt from the ban: hops, tomato paste with a dry matter content of 25 percent or more, seed potatoes, and garlic for planting. These products are subject to a prior deposit requirement. In addition, imports of seed potatoes and garlic require the prior approval of the Ministry of Agriculture.

Ecuador purchased $2.9 million worth of U.S. horticultural products in 1982. The leading items were hops, apples, dried fruit, fruit paste and walnuts.—*Edmund Missiaen, FAS. Tel. (202) 382-8895.*

France

Wheat Deal Offered To Morocco

News and wire reports indicate France has offered 1.2 million metric tons of wheat to Morocco at interest rates comparable to the U.S. blended credit package offered to Morocco last October.

Morocco relies on imports of about 2 million tons for half of its domestic wheat consumption and is supplied almost solely by the United States and France. In 1980/81, France supplied Morocco with 75 percent of these imports; the United States supplied the rest. The Moroccan drought in that year pushed imports up almost 20 percent the following year. French sales dropped 17 percent and U.S. sales increased 150 percent, giving France and the United States an equal share of the Moroccan market. Sales under the P.L. 480 and the Commodity Credit Corporation (CCC)/GSM programs played a critical role in increasing U.S. exports to Morocco last year.

Morocco's commercial wheat imports in 1982/83 are forecast at 1.8 million tons, all bread wheat. About 170,000 and 135,000 tons have already been imported from France and the United Kingdom, respectively, under separate supply agreements. Up to 1.5 million tons could be shipped from the United States this year under a combination of CCC/GSM and P.L. 480 Title I programs.

What effect the French offer will have on Moroccan purchases remains to be seen. U.S. sales under the blended credit program have been slow to date, and Morocco is not committed to use the full $140 million. It seems likely that U.S. sales will not entirely push the French out of the Moroccan wheat market.—*Bradley Karmen, ERS, Tel. (202) 447-8879.*

Indonesia

Competition Stiffens In Wheat Market

Indonesia apparently bought a couple of cargoes of French wheat late last year—the first purchases ever from France. Reports also indicate that Canada and South Africa have been pressing for sales to Indonesia. Since 1981, the U.S. share of the Indonesian wheat market has climbed from 57 percent to an estimated two-thirds this year—owing mainly to a falloff in purchases from Australia. The larger market share that the United States is currently enjoying could be threatened by this increased competition. *— George J. Pope, Jakarta.*

Japan

Trade Expansion Package Outlined

Japan's January 13 trade expansion package included tariff reductions on many horticultural products, fats and oils and miscellaneous agricultural items. Imports of these products from the United States totaled about $150 million in 1981. Trade in cigarettes, chocolate confectionery and cookies should benefit from the deepest tariff cuts. Excluded from the package were beef, oranges and citrus juices, which remain governed by a four-year quota expansion agreement having over one year to run before expiration.*—David Schoonover, FAS. Tel. (202) 382-1289.*

Korea

Large Livestock Imports Seen

Korea's revised import plan for livestock calls for purchases of 60,000 cattle in 1983, of which 50,000 will be beef and the rest dairy, mainly Holstein. This is almost double the number of beef cattle imports of the initial plan. The move represents a strong commitment to build up domestic herds and increase beef production.

According to the plan, Korea should be 89-percent self-sufficient for beef production by 1991—up from the present 62 percent—with a projected 2.6 million head. However, based on the current outlook for availability of funds and land, Korea should continue for the foreseeable future to be a growing market for beef and dairy cattle imports. *—James K. Freckman, Seoul.*

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